

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California and is the second smallest county in terms of physical size behind San Francisco. Santa Cruz County has a population of 265,183 people and 104,667 wage and salary jobs. The per capita income in Santa Cruz County is \$45,075, and the average salary per worker is \$44,399.

In 2007, 2,225 total wage and salary jobs were created in Santa Cruz County, representing an increase in employment of 2.1 percent. Non-farm employment grew by 1,633 jobs, an increase of 1.7 percent. Farm employment increased by 596 jobs in 2007, an increase of 0.6 percent. The unemployment rate rose to 5.9 percent in 2007.

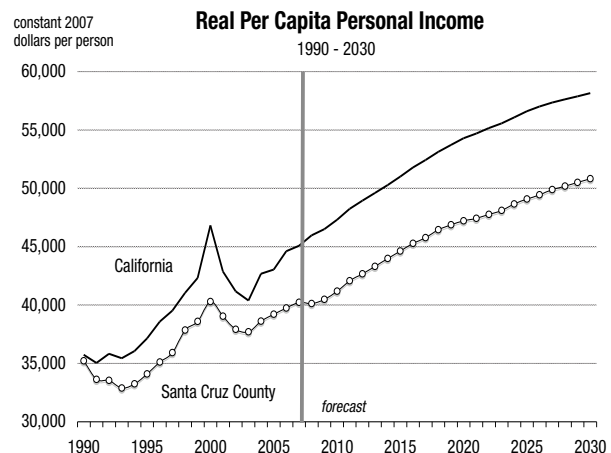
The principal sectors that are producing jobs in Santa Cruz County are wholesale and retail trade, transportation and utilities, professional services, healthcare and education, leisure, and government sectors. Many of the public sector jobs are associated with the University of California located in Santa Cruz. The construction and manufacturing sectors lost jobs last year, by 520 and 225 jobs respectively.

During 2007, the population grew at a rate of 1.2 percent. The fastest growing city in the county was Santa Cruz, which rose 1.2 percent from January 2007 to January 2008. The largest city in the county is also Santa Cruz with a population of 58,125.

Though employment growth has been relatively modest for much of the decade, the creation of jobs is forecast to accelerate over the next several years. Population growth however, will remain austere due to low rates of home building and high home price affordability.

FORECAST HIGHLIGHTS

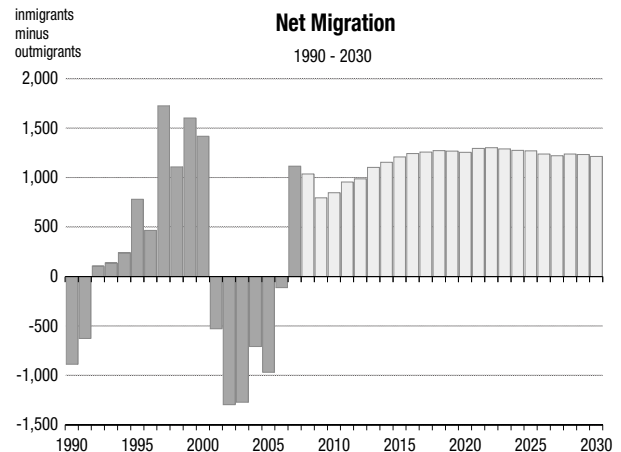
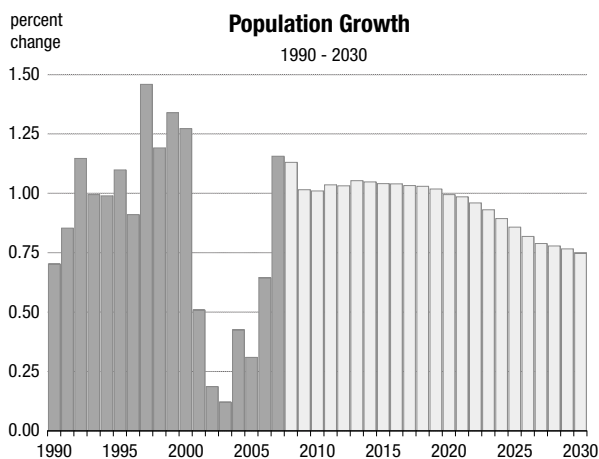
- Job growth averages 1.5 percent in 2008. Over the next five years, a 1.3 percent average annual growth rate is forecast. Non-farm employment increases by an average of 1.3 percent over the same period.
- Average salaries adjusted for inflation are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 1.7 percent per year over the next 5 years.
- Between 2008 and 2012, the momentum for employment growth occurs in professional services, health and education, and government. These sectors account for 80 percent of the net job growth over the next five years. The manufacturing and financial services sectors are expected to have declining employment.
- Population growth will remain modest over the foreseeable future. Annual growth in the 2008 to 2012 period averages 1.0 percent per year.
- Net migration which has been negative in recent years, is forecast to remain negative in 2008. Over the next five years net migration is expected to remain slightly negative. All of the population growth will be due to the natural increase.
- Real per capita income is forecast to increase 2.0 percent in 2007. Over the next five years real per capita incomes are forecast to increase approximately 1.7 percent per year.
- Total taxable sales are expected to increase by an average of 3.5 percent over the next five years. Adjusted for inflation, they increase by 0.6 percent per year.
- Industrial production is forecast to decrease by 0.6 percent in 2008. Over the next five years industrial production will increase by an average of 2.1 percent. Total crop production is forecast to decline by an average of 0.2 percent per year between 2008 and 2012.



Santa Cruz County Economic Forecast

1997-2007 History, 2008-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	246,950	1,726	200.2	86.9	751	\$2.3	\$7.2	\$39,517	3.4	0.38	1.10	7.9
1998	249,893	1,109	214.8	87.5	639	\$2.4	\$7.9	\$41,049	3.2	0.30	1.11	7.4
1999	253,241	1,604	219.6	88.0	506	\$2.6	\$8.6	\$42,323	4.2	0.39	1.13	6.4
2000	256,465	1,418	227.3	91.1	587	\$2.9	\$10.0	\$46,816	4.5	0.42	1.22	5.1
2001	257,771	-528	232.6	91.5	602	\$2.9	\$9.7	\$42,874	5.4	0.42	1.07	5.7
2002	258,253	-1,296	236.4	92.0	922	\$2.8	\$9.5	\$41,161	1.6	0.32	0.92	7.4
2003	258,565	-1,271	231.6	92.4	1,202	\$2.8	\$9.5	\$40,383	1.8	0.41	0.90	7.8
2004	259,666	-708	244.7	93.3	804	\$2.9	\$10.2	\$42,668	1.2	0.49	0.95	7.1
2005	260,469	-969	241.0	94.7	894	\$3.1	\$10.5	\$43,046	2.0	0.45	0.99	6.3
2006	262,150	-112	243.3	95.2	460	\$3.2	\$11.3	\$44,603	3.2	0.43	0.98	5.7
2007	265,183	1,116	241.8	95.9	578	\$3.3	\$12.0	\$45,075	3.3	0.41	1.01	5.9
2008	268,183	1,037	245.2	96.6	541	\$3.4	\$12.7	\$45,976	3.3	0.40	1.00	6.6
2009	270,907	798	248.3	97.2	533	\$3.5	\$13.3	\$46,492	2.2	0.40	0.99	6.5
2010	273,646	849	251.3	97.7	604	\$3.6	\$13.9	\$47,297	1.9	0.40	1.03	6.3
2011	276,481	955	254.1	98.4	673	\$3.8	\$14.6	\$48,243	2.0	0.40	1.08	6.2
2012	279,334	990	256.4	99.1	720	\$3.9	\$15.3	\$48,931	2.0	0.41	1.12	6.2
2013	282,276	1,105	258.5	99.8	773	\$4.0	\$16.0	\$49,597	2.1	0.41	1.17	6.2
2014	285,237	1,155	260.3	100.7	823	\$4.1	\$16.7	\$50,279	2.0	0.41	1.21	6.2
2015	288,209	1,209	262.0	101.5	853	\$4.3	\$17.5	\$51,005	2.1	0.42	1.24	6.1
2016	291,208	1,245	263.4	102.4	829	\$4.4	\$18.3	\$51,776	2.0	0.42	1.30	6.1
2017	294,217	1,259	264.3	103.3	841	\$4.5	\$19.1	\$52,410	2.1	0.42	1.35	6.1
2018	297,249	1,273	265.1	104.2	833	\$4.7	\$20.0	\$53,119	2.1	0.42	1.40	6.1
2019	300,276	1,270	265.6	105.1	834	\$4.8	\$20.9	\$53,724	2.1	0.42	1.43	6.1
2020	303,263	1,256	266.0	106.0	846	\$5.0	\$21.7	\$54,291	2.0	0.43	1.43	6.0
2021	306,253	1,295	266.8	106.9	831	\$5.1	\$22.6	\$54,697	2.4	0.43	1.47	6.0
2022	309,194	1,303	267.8	107.8	849	\$5.3	\$23.6	\$55,149	2.5	0.43	1.49	6.0
2023	312,072	1,292	269.2	108.7	847	\$5.5	\$24.6	\$55,561	2.5	0.43	1.52	6.0
2024	314,864	1,276	270.8	109.6	824	\$5.7	\$25.6	\$56,078	2.3	0.43	1.56	6.0
2025	317,564	1,272	272.4	110.5	820	\$5.9	\$26.7	\$56,606	2.4	0.43	1.59	5.9
2026	320,164	1,238	274.3	111.4	811	\$6.0	\$27.8	\$56,996	2.4	0.44	1.62	5.9
2027	322,691	1,222	276.1	112.3	792	\$6.2	\$28.9	\$57,348	2.5	0.44	1.66	5.9
2028	325,205	1,241	277.7	113.1	806	\$6.4	\$30.0	\$57,621	2.7	0.44	1.70	5.9
2029	327,698	1,235	279.1	114.0	801	\$6.7	\$31.2	\$57,879	2.7	0.44	1.74	5.8
2030	330,149	1,215	280.5	114.8	789	\$6.9	\$32.4	\$58,145	2.6	0.44	1.79	5.8



Santa Cruz County Employment Forecast

1997-2007 History, 2008-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	101.6	11.24	3.4	10.8	1.5	16.1	3.4	10.7	2.2	10.3	10.4	17.6
1998	103.0	10.96	3.8	9.9	1.5	16.8	3.5	10.5	2.4	10.5	10.8	18.0
1999	103.2	9.11	4.2	9.5	1.5	17.2	3.8	10.9	2.4	10.4	11.1	18.8
2000	105.6	8.34	4.5	9.3	1.4	17.6	4.1	11.7	2.6	10.6	11.5	19.5
2001	106.3	7.83	4.9	8.9	1.7	17.4	3.9	11.4	2.6	11.0	12.1	20.2
2002	102.9	8.30	4.8	7.5	1.6	16.9	3.8	9.9	2.2	11.7	11.6	20.7
2003	100.3	8.53	4.8	6.9	1.5	16.5	3.8	9.0	2.0	11.9	11.4	20.3
2004	100.5	7.50	5.5	7.0	1.5	16.7	3.7	9.0	1.8	12.0	11.2	21.0
2005	101.3	7.82	5.8	6.9	1.5	16.8	3.7	9.3	1.6	11.9	11.0	21.3
2006	102.4	7.37	5.9	6.5	1.5	17.3	3.8	10.0	1.4	12.1	11.1	21.8
2007	104.7	7.96	5.4	6.3	1.6	17.6	3.6	10.2	1.3	12.4	11.5	23.1
2008	106.3	7.97	5.0	6.0	1.7	17.5	3.5	10.7	1.2	12.3	11.5	24.9
2009	107.4	8.05	4.9	5.8	1.7	17.6	3.5	10.9	1.2	12.4	11.7	25.6
2010	108.7	8.15	5.1	5.9	1.7	17.8	3.5	11.1	1.2	12.5	11.8	25.9
2011	110.3	8.22	5.4	6.0	1.7	18.1	3.5	11.2	1.2	12.7	12.0	26.1
2012	111.6	8.30	5.6	6.0	1.8	18.2	3.5	11.4	1.2	13.2	12.2	25.9
2013	113.1	8.39	5.9	6.0	1.8	18.4	3.5	11.5	1.2	13.6	12.3	26.0
2014	114.4	8.46	6.1	6.0	1.8	18.5	3.6	11.6	1.2	14.1	12.5	26.0
2015	115.7	8.54	6.3	5.9	1.9	18.7	3.6	11.7	1.2	14.7	12.6	26.0
2016	117.0	8.60	6.3	6.0	1.9	18.9	3.6	11.7	1.2	15.2	12.8	26.1
2017	118.3	8.64	6.3	5.9	1.9	19.0	3.7	11.8	1.2	15.8	12.9	26.3
2018	119.6	8.69	6.3	5.9	2.0	19.2	3.7	11.8	1.2	16.3	13.0	26.6
2019	120.9	8.73	6.4	5.8	2.0	19.4	3.7	11.9	1.2	16.8	13.1	27.0
2020	122.0	8.78	6.4	5.6	2.0	19.5	3.7	11.9	1.2	17.4	13.0	27.5
2021	123.5	8.79	6.4	5.5	2.1	19.7	3.7	12.0	1.2	17.9	13.1	27.9
2022	125.0	8.83	6.4	5.5	2.1	19.8	3.8	12.0	1.2	18.3	13.2	28.4
2023	126.4	8.84	6.4	5.5	2.1	20.0	3.8	12.1	1.2	18.8	13.2	28.8
2024	127.7	8.88	6.3	5.5	2.2	20.1	3.9	12.2	1.2	19.2	13.3	29.2
2025	129.0	8.91	6.3	5.5	2.2	20.3	4.0	12.2	1.2	19.6	13.3	29.6
2026	130.2	8.94	6.3	5.5	2.2	20.5	4.0	12.3	1.2	20.0	13.4	30.0
2027	131.3	8.97	6.2	5.5	2.3	20.6	4.1	12.4	1.2	20.4	13.4	30.4
2028	132.6	8.97	6.2	5.5	2.3	20.7	4.2	12.5	1.2	20.7	13.5	30.8
2029	133.8	9.00	6.1	5.5	2.3	20.9	4.2	12.5	1.2	21.0	13.6	31.1
2030	135.0	9.02	6.0	5.6	2.3	21.0	4.3	12.6	1.2	21.4	13.6	31.5

